

SEP 10 1971 -410 PM

INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

BETWEEN

PACAR FINANCIAL CORP.

AND

CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD COMPANY

DATED AS OF AUGUST 1, 1971

RAILROAD EQUIPMENT LEASE (this Lease), dated as of August 1, 1971, between PACAR FINANCIAL CORP., a Washington corporation (Lessor), and CHICAGO, MILWAUKEE, ST. PAUL & PACIFIC RAILROAD COMPANY, a Wisconsin corporation (Lessee),

In consideration of the rentals to be paid and the covenants, agreements and obligations hereinafter mentioned to be performed by Lessee, Lessor hereby leases to Lessee those certain mechanical refrigerated box cars (collectively, the equipment and individually, unit of the equipment) described in Schedule A hereto, upon and subject to the following terms and conditions:

Section 1. Assignment of Purchase Agreements, etc.;
Delivery and Acceptance of Equipment.

Lessee hereby assigns to Lessor all its rights, titles and interests in, to and under that certain agreement with Pacific Car and Foundry Company (Builder), dated as of April 22, 1971, bearing purchaser's number 71905, providing for the construction and sale of the equipment, together with all supplements, amendments and other agreements of every kind relating to the equipment to the date hereof (collectively the Purchase Agreement), and Lessee represents, warrants and agrees (i) that the complete Purchase Agreement has been delivered to Lessor, and (ii) Lessee has not previously assigned the Purchase Agreement or any interest of any nature therein and there are no financing statements or any similar notices on file in any public office with respect to any such interest.

Lessor will cause each unit of the equipment to be tendered to Lessee at Builder's plant at Renton, Washington. Upon such tender, Lessee will cause its authorized representative to promptly inspect the same and if such unit of the equipment is found to conform to the specifications therefor, to accept delivery thereof and to execute and deliver to Lessor a certificate of acceptance thereof. Whereupon such unit of equipment shall be deemed to be delivered to and irrevocably accepted by Lessee and be thereafter subject to all of the terms and conditions of this Lease.

Section 2. Rentals and Payment Dates.

Lessee agrees to pay Lessor as rent hereunder on November 1, 1971 and on each succeeding May 1. and November 1 to and including May 1, 1986, an installment of fixed rental in respect of each such unit of the equipment in an amount equal to 5.78301 per cent of the total amount payable to Builder for such unit in accordance with the terms of the Purchase Agreement (the acquisition cost).

All payments provided for in this lease shall be made to Lessor at its offices at 777 - 106th Avenue Northeast, Bellevue, Washington, or at such other place as Lessor or its assigns shall specify in writing.

This Lease is a net lease. Lessee shall not be entitled to any abatement or reduction of rent, including

but not limited to abatements or reductions due to any present or future claims of Lessee against Lessor or Builder under this Lease, the Purchase Agreement or otherwise; nor except as otherwise expressly provided herein, shall this Lease terminate or the respective obligations of Lessor or Lessee be otherwise affected by reason of any defect in or failure of title of Lessor to the equipment or any defect in or damage to or loss or destruction of all or any of the equipment for whatsoever cause, the taking or requisitioning of the equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the equipment, the interference of such use by any governmental authority or private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease or the lack of right, power or authority of Lessor to enter in to this Lease or for any other cause whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events until Lessor has been fully paid for all units of the equipment which have sustained a Casualty Occurrence (as that term is hereafter defined) and until pursuant to Section 14 hereof all other units of the equipment are placed or ready for delivery to and have been tendered to Lessor on Lessee's lines, or stored for Lessor on Lessee's

lines or leave Lessor's lines for off-line delivery to Lessor, whichever of said events occurs first.

Section 3. Term.

The term of this lease as to each unit of equipment shall begin on the date of delivery to and acceptance by Lessee hereunder of such unit of equipment and subject to the provisions of Sections 11 and 13 hereof, shall terminate five calendar months after the last fixed rental payment date.

Section 4. Title To The Equipment.

Lessor shall and hereby does retain title to the equipment notwithstanding the delivery thereof to and the possession and use thereof by Lessee.

Lessee will cause each unit of the equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each unit of the equipment in letters not less than one-half inch in height as follows:

"PACAR FINANCIAL CORP., OWNER AND LESSOR."

with appropriate changes thereof and additions thereto as from time to time may be required by law or as may be reasonably requested by Lessor in order to protect the title of Lessor to such unit of the equipment and its rights under this Lease. Lessee will not place in operation

or exercise any control of dominion over any such unit of the equipment until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the road number of any unit of the equipment except with the consent of Lessor, and in accordance with a statement of new road numbers, which consent and statement previously shall have been delivered to Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on any unit of the equipment as a designation that might be interpreted as a claim of ownership. Subject to the foregoing, the equipment may be lettered with the names, initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by it of a same or similar type. Lessee shall indemnify and hold harmless Lessor from and against any liability, loss or expense incurred as a result of the aforesaid markings of the equipment with such name, initials or insignia.

Section 5. Disclaimer of Warranty of Merchantability or as to Fitness of Equipment.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS IS, WITHOUT WARRANTY OR REPRESENTATION,

EITHER EXPRESS OR IMPLIED, AS TO (a) THE MERCHANTABILITY OR FITNESS OF ANY ITEM OR ITEMS OF EQUIPMENT, (b) LESSOR'S TITLE THERETO, (c) LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (d) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE. Lessor hereby appoints and constitutes Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of Lessor and Lessee, as their interests may appear, but in all cases at the sole cost and expense of Lessee, whatever claims and rights Lessor may have as owner of the equipment against Builder.

Section 6. Lessee's Indemnities.

To the extent that the amortization deduction with respect to any unit of the equipment allowed by Section 184 of the Internal Revenue Code of 1954, as added by Section 705 of the Tax Reform Act of 1969, as in effect on the date of Lessee's delivery of this Lease, may be lost to Lessor with respect to the full acquisition cost of such unit of the equipment (a) because, by reason of the nature of the use or operation or the failure to use or operate such unit of the equipment during or prior to the term of this Lease by Lessee or any other person, corporation, association or other entity (including any governmental body or agency) it is determined that such unit of the equipment is not "qualified railroad rolling stock" as that term is defined

in said Section 184, or (b) because of any act or omission by Lessee, any sub-Lessee or any person, corporation, association or other entity (including without limitation any governmental body or agency, or (c) because the right to use such unit of the equipment shall have been or shall be transferred, then as to each and every such unit of the equipment Lessee shall pay to Lessor, on demand, a sum which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any political subdivision thereof, shall equal the amount of any amortization so lost, together with all interest or penalty which may be assessed by the United States Government in connection with the loss of such amortization in respect of such unit of equipment; provided, however, that Lessee shall not be required by the terms hereof to indemnify Lessor on the loss of amortization as to a unit the full Casualty Value of which Lessee has paid as provided in Section 11 hereof, but as to such unit, Lessee shall pay an amount equal to all penalty and all interest which may be assessed against Lessor as stated above. Lessor's rights hereunder shall survive any termination of this lease prior to the expiration hereof.

Lessee shall defend, indemnify and save harmless Lessor and any assignee and its or their respective servants, agents, successors and assigns from and against:

(a) Any and all loss or damage of or to the

exercise such purchase option. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds then and there current against delivery of a bill of sale transferring and assigning to Lessee all right, title and interest of Lessor in and to the equipment and containing a warranty against liens or claims of persons claiming by, through or under Lessor except liens and claims Lessee shall have assumed or is obligated to discharge under the terms of this Lease. Lessor shall not be required to make any other representation or warranty either as to the condition of the equipment or any other matter.

(b) "Fair market value" shall be the amount mutually agreed upon by Lessor and Lessee; provided that if Lessor and Lessee are unable to agree upon the fair market value of the equipment within 30 days after receipt by Lessor of the notice of Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of Lessor and Lessee. If Lessor and Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by Lessor of Lessee's election to purchase, the same shall be determined by American Appraisal Company at the request of Lessee within 10 days after expiration of said 90-day period. The expenses of such

determination to be shared equally by the parties. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment or termination of right to purchase at the rate of 12 per cent per annum or the maximum rate permitted by law, whichever is less.

(c) Unless Lessee has given Lessor six months notice as required in connection with the exercise of the foregoing option or Lessee shall fail to request determination by said American Appraisal Company within the period above provided if the fair market value be not determined within said 90-day-period, all the equipment then leased hereunder shall be returned to Lessor in accordance with Section 13 hereof.

(d) The purchase price shall be paid on the date of expiration of the term of this Lease or within 30 days after determination of the fair market value is communicated to Lessor, whichever date is the later.

(e) Lessee's right to purchase shall terminate in any event if payment of the purchase price be not made within 180 days from expiration of the term of this Lease, in which event Lessor's rights and Lessee's obligations as to delivery, assembly, transporting and storage of each and every unit of the equipment shall be as provided for by the Lease at the expiration of

the term hereof.

Notwithstanding any election of Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the equipment purchased by Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties or determined pursuant to this Section 20, in which event such purchase price shall govern.

Time is of the essence of Lessee's option to purchase, and payment of the purchase price and determination of fair market value as above provided and Lessee's entire right of purchase shall terminate upon any failure of compliance with the provisions of this section in connection therewith.

Section 21. Law Governing.

This Lease shall be construed in accordance with the laws of the State of Washington, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

Section 22. Execution.

Although this Lease is dated for convenience as of August 1, 1971, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates in acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this
Lease to be executed as of the day and year first above written.

PACAR FINANCIAL CORP.

(Corporate Seal)

By 

ATTEST:



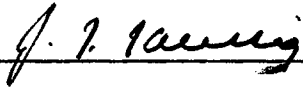
CHICAGO, MILWAUKEE, ST. PAUL
& PACIFIC RAILROAD COMPANY

(Corporate Seal)

By 

Vice President - Finance & Accounting

ATTEST:



STATE OF WASHINGTON)
) ss
COUNTY OF K I N G)

On this 31st day of August, 1971, before me,
personally appeared J. M. Chanon, to me
personally known, who, being by me duly sworn, says that he is
President of PACAR FINANCIAL CORP., that
the seal affixed to the foregoing instrument is the corporate seal
of said corporation, that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the foregoing
instrument was the free act and deed of said corporation.

(Notarial Seal)

Priscilla White
Notary Public for the state of
Washington, residing at Leuten
My Commission Expires: July 1, 1973 (1973)
JW

STATE OF Illinois)
) ss
COUNTY OF Cook)

On this 27th day of August, 1971, before me,
personally appeared D. G. Khatochewell, to me
personally known, who, being by me duly sworn, says that he is
Vice President & Financial Accounting of CHICAGO, MILWAUKEE, ST. PAUL &
PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, that said
instrument was signed and sealed on behalf of said corporation by
authority of its Board of Directors, and he acknowledged that the
execution of the foregoing instrument was the free act and deed of
said corporation.

(Notarial Seal)

Doris D. Aspegard
Notary Public for the state of
Illinois, residing at
Illwaukee
My Commission Expires: Feb. 5, 1975

SCHEDULE A

| | |
|----------------------------|---|
| Manufacturer: | Pacific Car and Foundry Company |
| Description of Equipment: | 70-ton all foam insulated mechanical refrigerator Cars. |
| Acquisition Cost per Unit: | \$35,898.24 <u>per unit</u> . |
| Total Acquisition Cost: | \$3,589,824.00 |
| Delivery: | September - October, 1971, to Lessee at Manufacturer's Plant, Renton, Washington. |
| Lease Term: | From Date of Delivery to and including September 30, 1986. |
| Rent: | 5.78301 per cent of acquisition cost per unit on November 1, 1971 and each succeeding May 1 and November 1. |

actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessee, terminate this Lease, whereupon all right of Lessee to the use of the equipment shall immediately and absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may, by its agents, enter upon the premises of Lessee or other premises where any of the equipment is and take possession of all or any of such equipment and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to hold or use the equipment for any purpose whatsoever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which, under the terms of this Lease, may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each unit of the

equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such unit for such period computed by discounting from the end of such term to the date of such termination rentals which Lessor reasonably estimates to be obtainable for the use of the unit during such period, such present worth to be computed in each case on a basis of a 5 per cent per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for payments of rental. Lessee hereby waives to the full extent permitted by law any and every mandatory requirement of law now or hereafter in effect which might limit or modify any of the remedies herein provided and any and all existing or future claims of any right to assert a setoff against the rental payments due hereunder and agrees to make the rental payments regardless of any setoff or claim which may be asserted by Lessee or on its behalf, in connection with the lease of the equipment or any unit thereof.

exercise such purchase option. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds then and there current against delivery of a bill of sale transferring and assigning to Lessee all right, title and interest of Lessor in and to the equipment and containing a warranty against liens or claims of persons claiming by, through or under Lessor except liens and claims Lessee shall have assumed or is obligated to discharge under the terms of this Lease. Lessor shall not be required to make any other representation or warranty either as to the condition of the equipment or any other matter.

(b) "Fair market value" shall be the amount mutually agreed upon by Lessor and Lessee; provided that if Lessor and Lessee are unable to agree upon the fair market value of the equipment within 30 days after receipt by Lessor of the notice of Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of Lessor and Lessee. If Lessor and Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by Lessor of Lessee's election to purchase, the same shall be determined by American Appraisal Company at the request of Lessee within 10 days after expiration of said 90-day period. The expenses of such

determination to be shared equally by the parties. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment or termination of right to purchase at the rate of 12 per cent per annum or the maximum rate permitted by law, whichever is less.

(c) Unless Lessee has given Lessor six months notice as required in connection with the exercise of the foregoing option or Lessee shall fail to request determination by said American Appraisal Company within the period above provided if the fair market value be not determined within said 90-day-period, all the equipment then leased hereunder shall be returned to Lessor in accordance with Section 13 hereof.

(d) The purchase price shall be paid on the date of expiration of the term of this Lease or within 30 days after determination of the fair market value is communicated to Lessor, whichever date is the later.

(e) Lessee's right to purchase shall terminate in any event if payment of the purchase price be not made within 180 days from expiration of the term of this Lease, in which event Lessor's rights and Lessee's obligations as to delivery, assembly, transporting and storage of each and every unit of the equipment shall be as provided for by the Lease at the expiration of

the term hereof.

Notwithstanding any election of Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the equipment purchased by Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties or determined pursuant to this Section 20, in which event such purchase price shall govern.

Time is of the essence of Lessee's option to purchase, and payment of the purchase price and determination of fair market value as above provided and Lessee's entire right of purchase shall terminate upon any failure of compliance with the provisions of this section in connection therewith.

Section 21. Law Governing.

This Lease shall be construed in accordance with the laws of the State of Washington, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

Section 22. Execution.

Although this Lease is dated for convenience as of August 1, 1971, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates in acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this
Lease to be executed as of the day and year first above written.

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(Corporate Seal)

By 

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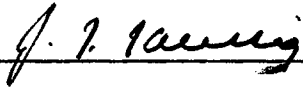
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(Corporate Seal)

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Vice President - Finance & Accounting

ATTEST:



STATE OF WASHINGTON)
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On this 31st day of August, 1971, before me,
personally appeared J. M. Chanon, to me
personally known, who, being by me duly sworn, says that he is
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Priscilla White
Notary Public for the state of
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My Commission Expires: July 1, 1973 (1973)
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Notary Public for the state of
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My Commission Expires: Feb. 5, 1975

SCHEDULE A

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| Manufacturer: | Pacific Car and Foundry Company |
| Description of Equipment: | 70-ton all foam insulated mechanical refrigerator Cars. |
| Acquisition Cost per Unit: | \$35,898.24 <u>per unit</u> . |
| Total Acquisition Cost: | \$3,589,824.00 |
| Delivery: | September - October, 1971, to Lessee at Manufacturer's Plant, Renton, Washington. |
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actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(2) by notice in writing to Lessee, terminate this Lease, whereupon all right of Lessee to the use of the equipment shall immediately and absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as hereinafter provided; and thereupon Lessor may, by its agents, enter upon the premises of Lessee or other premises where any of the equipment is and take possession of all or any of such equipment and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to hold or use the equipment for any purpose whatsoever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which, under the terms of this Lease, may then be due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each unit of the

equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such unit for such period computed by discounting from the end of such term to the date of such termination rentals which Lessor reasonably estimates to be obtainable for the use of the unit during such period, such present worth to be computed in each case on a basis of a 5 per cent per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any damages and expenses, including reasonable attorneys fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease, other than for payments of rental. Lessee hereby waives to the full extent permitted by law any and every mandatory requirement of law now or hereafter in effect which might limit or modify any of the remedies herein provided and any and all existing or future claims of any right to assert a setoff against the rental payments due hereunder and agrees to make the rental payments regardless of any setoff or claim which may be asserted by Lessee or on its behalf, in connection with the lease of the equipment or any unit thereof.

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(b) "Fair market value" shall be the amount mutually agreed upon by Lessor and Lessee; provided that if Lessor and Lessee are unable to agree upon the fair market value of the equipment within 30 days after receipt by Lessor of the notice of Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of Lessor and Lessee. If Lessor and Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by Lessor of Lessee's election to purchase, the same shall be determined by American Appraisal Company at the request of Lessee within 10 days after expiration of said 90-day period. The expenses of such

determination to be shared equally by the parties. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment or termination of right to purchase at the rate of 12 per cent per annum or the maximum rate permitted by law, whichever is less.

(c) Unless Lessee has given Lessor six months notice as required in connection with the exercise of the foregoing option or Lessee shall fail to request determination by said American Appraisal Company within the period above provided if the fair market value be not determined within said 90-day-period, all the equipment then leased hereunder shall be returned to Lessor in accordance with Section 13 hereof.

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Time is of the essence of Lessee's option to purchase, and payment of the purchase price and determination of fair market value as above provided and Lessee's entire right of purchase shall terminate upon any failure of compliance with the provisions of this section in connection therewith.

Section 21. Law Governing.

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Section 22. Execution.

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PACAR FINANCIAL CORP.

(Corporate Seal)

By 

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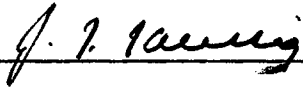
CHICAGO, MILWAUKEE, ST. PAUL
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Vice President - Finance & Accounting

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on behalf of said corporation by authority of its Board of
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instrument was the free act and deed of said corporation.

(Notarial Seal)

Priscilla White
Notary Public for the state of
Washington, residing at Leuten
My Commission Expires: July 1, 1973 (1973)
JW

STATE OF Illinois)
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PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, that said
instrument was signed and sealed on behalf of said corporation by
authority of its Board of Directors, and he acknowledged that the
execution of the foregoing instrument was the free act and deed of
said corporation.

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Illwaukee
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SCHEDULE A

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|----------------------------|---|
| Manufacturer: | Pacific Car and Foundry Company |
| Description of Equipment: | 70-ton all foam insulated mechanical refrigerator Cars. |
| Acquisition Cost per Unit: | \$35,898.24 <u>per unit</u> . |
| Total Acquisition Cost: | \$3,589,824.00 |
| Delivery: | September - October, 1971, to Lessee at Manufacturer's Plant, Renton, Washington. |
| Lease Term: | From Date of Delivery to and including September 30, 1986. |
| Rent: | 5.78301 per cent of acquisition cost per unit on November 1, 1971 and each succeeding May 1 and November 1. |

exercise such purchase option. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds then and there current against delivery of a bill of sale transferring and assigning to Lessee all right, title and interest of Lessor in and to the equipment and containing a warranty against liens or claims of persons claiming by, through or under Lessor except liens and claims Lessee shall have assumed or is obligated to discharge under the terms of this Lease. Lessor shall not be required to make any other representation or warranty either as to the condition of the equipment or any other matter.

(b) "Fair market value" shall be the amount mutually agreed upon by Lessor and Lessee; provided that if Lessor and Lessee are unable to agree upon the fair market value of the equipment within 30 days after receipt by Lessor of the notice of Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of Lessor and Lessee. If Lessor and Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by Lessor of Lessee's election to purchase, the same shall be determined by American Appraisal Company at the request of Lessee within 10 days after expiration of said 90-day period. The expenses of such

determination to be shared equally by the parties. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of this Lease to the date of payment or termination of right to purchase at the rate of 12 per cent per annum or the maximum rate permitted by law, whichever is less.

(c) Unless Lessee has given Lessor six months notice as required in connection with the exercise of the foregoing option or Lessee shall fail to request determination by said American Appraisal Company within the period above provided if the fair market value be not determined within said 90-day-period, all the equipment then leased hereunder shall be returned to Lessor in accordance with Section 13 hereof.

(d) The purchase price shall be paid on the date of expiration of the term of this Lease or within 30 days after determination of the fair market value is communicated to Lessor, whichever date is the later.

(e) Lessee's right to purchase shall terminate in any event if payment of the purchase price be not made within 180 days from expiration of the term of this Lease, in which event Lessor's rights and Lessee's obligations as to delivery, assembly, transporting and storage of each and every unit of the equipment shall be as provided for by the Lease at the expiration of

the term hereof.

Notwithstanding any election of Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the equipment purchased by Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties or determined pursuant to this Section 20, in which event such purchase price shall govern.

Time is of the essence of Lessee's option to purchase, and payment of the purchase price and determination of fair market value as above provided and Lessee's entire right of purchase shall terminate upon any failure of compliance with the provisions of this section in connection therewith.

Section 21. Law Governing.

This Lease shall be construed in accordance with the laws of the State of Washington, provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

Section 22. Execution.

Although this Lease is dated for convenience as of August 1, 1971, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates in acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this
Lease to be executed as of the day and year first above written.

PACAR FINANCIAL CORP.

(Corporate Seal)

By 

ATTEST:



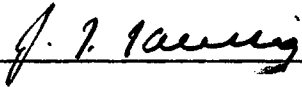
CHICAGO, MILWAUKEE, ST. PAUL
& PACIFIC RAILROAD COMPANY

(Corporate Seal)

By 

Vice President - Finance & Accounting

ATTEST:



STATE OF WASHINGTON)
) ss
COUNTY OF KING)

On this 31st day of August, 1971, before me,
personally appeared J. M. Chanon, to me
personally known, who, being by me duly sworn, says that he is
President of PACAR FINANCIAL CORP., that
the seal affixed to the foregoing instrument is the corporate seal
of said corporation, that said instrument was signed and sealed
on behalf of said corporation by authority of its Board of
Directors, and he acknowledged that the execution of the foregoing
instrument was the free act and deed of said corporation.

(Notarial Seal)

Priscilla White
Notary Public for the state of
Washington, residing at Leuten
My Commission Expires: July 1, 1973 (1973)
JW

STATE OF Illinois)
) ss
COUNTY OF Cook)

On this 27th day of August, 1971, before me,
personally appeared D. G. Khatochewell, to me
personally known, who, being by me duly sworn, says that he is
Vice President & Financial Accounting of CHICAGO, MILWAUKEE, ST. PAUL &
PACIFIC RAILROAD COMPANY, that the seal affixed to the foregoing
instrument is the corporate seal of said corporation, that said
instrument was signed and sealed on behalf of said corporation by
authority of its Board of Directors, and he acknowledged that the
execution of the foregoing instrument was the free act and deed of
said corporation.

(Notarial Seal)

Doris D. Aspegard
Notary Public for the state of
Illinois, residing at
Illwaukee
My Commission Expires: Feb. 5, 1975

SCHEDULE A

| | |
|----------------------------|---|
| Manufacturer: | Pacific Car and Foundry Company |
| Description of Equipment: | 70-ton all foam insulated mechanical refrigerator Cars. |
| Acquisition Cost per Unit: | \$35,898.24 <u>per unit</u> . |
| Total Acquisition Cost: | \$3,589,824.00 |
| Delivery: | September - October, 1971, to Lessee at Manufacturer's Plant, Renton, Washington. |
| Lease Term: | From Date of Delivery to and including September 30, 1986. |
| Rent: | 5.78301 per cent of acquisition cost per unit on November 1, 1971 and each succeeding May 1 and November 1. |